



CITY OF CHICAGO



DEPARTMENT OF FINANCE



Dear Applicants,

This 2021 City of Chicago Request for Proposal (“RFP”) and application for designation as a Municipal Depository in fiscal year 2022, is to be prepared in a different manner – in a positive way. This change in approach is the City’s efforts to increase bank participation and responsiveness, and reduce the bank’s administrative burden, by changing how data requirements can be reported in response to this RFP.

Although most of the data that had been required to be reported in prior years has not changed much (except for a change in the six county Chicago MSA, described later) the mechanism for reporting that data in response to this RFP was adopted to facilitate substantial administrative relief to all banks interested in becoming a Municipal Depository.

The operative premise is that Home Mortgage Disclosure Act and Regulation C (“HMDA”)¹ data is deemed to be highly reliable and, accordingly, the HMDA machine-readable data can be reported to the City in response to this RFP.

Because all banks must upload data in accordance with HMDA protocol and specific procedures, and because HMDA imposes such highly regulated data-reporting rules, rigorous data validation and naming conventions, and has standardized where specific data resides, all such data as required in response to this RFP can also be reported from the corresponding HMDA data fields (except for five data fields²) required in accordance with Article V of Chapter 2-32 of the Municipal Code of Chicago (“Article V”).

In response to this RFP, therefore, Applicants may provide the required data by reporting the bank’s existing data as it already occurs in the HMDA Publicly Available Fields.

Also, new to this year’s RFP are two new data reporting requirements.³ These two new pieces of data and other such modifications are the result of recent amendments to Article V (the “Amendments”).

For this year’s RFP, a brief summary of the Amendments shall be provided in the Invitation section of the RFP, to follow.

Also planned for this year’s RFP is a written Question/Answer period. The Question/Answer process is described within the RFP.

¹ Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801-2810, as implemented by the Consumer Financial Protection Bureau’s Regulation C, 12 CFR part 1003, as may be amended.

² Not resident in HMDA, but required by the Lending Equity Ordinance is data regarding: Commercial Lending; Consumer Lending; Savings Account Data; Checking Account Data; and Depository Information.

³ Denial Reasons; and Depository information (amounts/locations).

The City is optimistic that adopting the new approach to responding to this RFP and refining other time-saving processes in future years will help to make this annual Applicant process less burdensome while enhancing bank responsiveness.

Thank you!



Reshma Soni
City Comptroller

September 30, 2021

CITY OF CHICAGO DEPARTMENT OF FINANCE

REQUEST FOR PROPOSAL (“RFP”)

for:

Designation as a 2022 Municipal Depository for City of Chicago and Chicago Board of Education Funds

Specification Number: 1231948

INVITATION

In accordance with Article V of Chapter 2-32 of the Municipal Code of Chicago (“Article V”), the Comptroller of the City of Chicago (“Comptroller”) hereby invites all federally insured banks and savings and loan associations (as an “**Applicant**”), to submit a bid (hereinafter a “**Proposal**”) for consideration to be designated as a municipal depository, in Fiscal Year 2022.

Summary of Recent Changes to Article V:

The introduction of some new requirements as recently passed by City Council are also set out in Article V. The full details as written should be reviewed, but a summary of the new requirements are as follows:

- 1) Concurrently with the transmission to the City Council of the information required under this paragraph [this paragraph referring to second paragraph under 2-32-400(a)], the Comptroller shall publish such information on the Comptroller's website and the City of Chicago Data Portal, except to the extent that the information to be published has been redacted because it is exempted from disclosure by the Illinois Freedom of Information Act or any other applicable law.
- 2) Prior to the City Council approving any award to a prospective municipal depository, at least one subject matter hearing, at which no vote will be taken, shall be held annually by the Committee on Finance to discuss such information transmitted by the Comptroller to the City Council.
- 3) Applicants must provide data in a machine-readable format following a template provided by the Comptroller.
- 4) The Applicant shall provide
 - a. the number and total amount of all loans made on residential property outside the City of Chicago, but located in the Chicago-Naperville-Arlington Heights, IL Metropolitan Division of the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (“Chicago M.S.A.”).
 - b. the amount of each home equity loan made on residential properties within the City of Chicago by census tract.
 - c. a copy of the public section of the most recent written evaluation under the Illinois Community Reinvestment Act, 205 ILCS 735/35-1, *et seq.*, as applicable.
 - d. *Mortgage applications not approved.* The denial reasons for mortgage applications for residential properties within the City of Chicago, as reported pursuant to the federal Home Mortgage Disclosure Act, 12 U.S.C. 2801, *et seq.*, by race, sex, and census tract.

- e. *Depository information.* The number and locations of each of the Applicant's facilities located within the City of Chicago, and the census tract of each facility, as reported pursuant to the Community Reinvestment Act. Further, it is requested that Applicants with more than 500 employees provide employment and demographic data consistent with that provided with EEO-1, required by the U.S. Equal Employment Opportunity Commission.
- 5) Regarding Section 2-32-450, Loan Policy – Pledge Requirements and consumer protection statement: We [Applicant] certify on information and belief that we [Applicant] are in substantial compliance with consumer financial protection laws, subject to any previous disclosures made by us or by regulatory agencies.

Obtaining RFP Documents

The announcement of this RFP shall be advertised in the *Chicago Sun-Times* and *Chicago Tribune* newspapers. (Also see Table 1 – RFP Timeline.)

This RFP and related files shall be posted for downloading from the Department of Finance website at the following URL:

<http://www.cityofchicago.org/city/en/depts/fin.html>

Scroll down below the dashboard tiles to: “Most Recent News” and click on it to unfold a list of dates and titles. Click on the title: “2021 RFP for 2022 Designation as a Municipal Depository”.

See DOCUMENT SUBMITTAL REQUIREMENTS, below, for a complete list of all documents required for submittal.

Table 1 – RFP Timeline (dates subject to change)

Key Activity	Estimated Target Date
City Posts the RFP on DOF website	Thursday, September 30, 2021
Applicants Submit Written Questions by	Thursday, October 7, 2021
Columbus Day Holiday	Monday, October 11, 2021
City Posts Answers to Questions by	Thursday, October 14, 2021
Veteran's Day Holiday	Thursday, November 11, 2021
Proposals Due on	Thursday, November 18, 2021
Thanksgiving Holiday	Thursday, November 25, 2021
Proposal Review Complete by	Friday, December 3, 2021
Committee on Finance Pre-Award Hearing	Currently undetermined
MD List to Committee on Finance, by	Wednesday, December 15, 2021
Christmas Day Holiday	Friday, December 24, 2021
City Counsel Awards Municipal Depositories	Thursday, December 30, 2021
New Year's Day Holiday	Friday, December 31, 2021
2022 Fiscal Year Begins for Awarded Depositories	Saturday, January 1, 2022

Questions and/or Requests for Clarification

Any question or any request for clarification relating to the RFP content, must be made in writing and sent to steven.sakai@cityofchicago.org with copy to teri.davis@cityofchicago.org in the format as exemplified below, using an Excel spreadsheet.

Question Submittal format

ITEM	QUESTION or REQUEST for CLARIFICATION	RFP page and section being referenced
1		
2		

The City will provide its response to all questions and requests for clarifications and post the response at the URL above, as an Addendum to the RFP.

Any subsequent round of questions or requests for clarification, if any, shall be subject to a cut-off date-and-time which shall be posted at the URL.

RFP Addendum

Any change(s) which may be required to the original version of the RFP *after* the original version had already been initially advertised and posted, including questions and answers, shall be made in the form of an "Addendum" before the Proposal due date. All Addenda shall be sequentially numbered and be publicly available for download from the above URL.

SUBMISSION of PROPOSAL

Signature Authority of Applicant Submittals

In order to assure authority of the Applicant's Proposal, the Chairman of the Board or the Chief Executive Officer of the Applicant's financial institution must execute the various forms and documents, as applicable.

If an officer other than the Chairman or Chief Executive Officer executes the various documents, a certified copy of either the corporate By-Laws or some other authorization given by the financial institution allowing the officer to execute the proposal on behalf of the financial institution, must be provided.

Machine Readable Format

It is important that each Applicant maintains the integrity of the original City-provided Excel files in terms of the file's format and settings as applicable. For example, all original Excel file formats, embedded formula, column and row configurations, and other such settings applicable in the file upon download, must ***not*** be altered by the Applicant upon submission of the Applicant's Proposal response, except to the extent that the Applicant must populate certain cells as part of the Proposal response.

Word-Searchable Format of Original File Submissions

Proposals and all executed related forms and response materials must be provided in word-searchable formats and be submitted all on one thumb-drive. The thumb-drive must be labeled with the Applicant's name and the word, "ORIGINAL".

Redacted Version of File Submissions

Further, in accordance with Article V, a “REDACTED VERSION” of the ORIGINAL Proposal version must be submitted on a separate thumb-drive containing the same content as presented in the “ORIGINAL” version, except the “REDACTED VERSION” shall be provided as a PDF image having all redacted data shown as being blackened out.

Naming Conventions of Applicant’s File Submissions

Folders and Files as submitted by Applicants on their thumb-drives (both the “ORIGINAL” thumb-drive and the “REDACTED” thumb-drive) shall follow a standard naming convention as follows:

- [for FOLDER NAMES]
“Bank Name 2021 MD RFP Submittal for 2022 MD”
- [for CITY-PROVIDED FORM’S ON EXCEL FILE]
“Bank Name Forms A-H”
- [for CITY-PROVIDED FILLABLE FORMS]
Provide the “item number and the bolded form name”
- [for CITY-PROVIDED EEOC EXCEL FILE]
Provide the “item number and the bolded form name”
- [for APPLICANT-PROVIDED DOCUMENTS]
Provide the “item number and the bolded form name”

Proposal Delivery Information

Applicants who submit a Proposal to the Comptroller shall simultaneously submit a duplicate copy of its Proposal submission, including any subsequent amendments thereto, to the Treasurer.

Thumb drives must be labeled with the Applicant’s name and be delivered to the front reception desks located at:

City Comptroller
City Hall
Department of Finance – 7th Floor
Attention Steve Sakai
121 N. LaSalle Street
Chicago IL 60602-1246

City Treasurer
City Hall
Treasurer’s Office – Room 106
Attention Mauricio Banuelos
121 N. LaSalle Street
Chicago IL 60602-1242

In the event there is no receptionist at the time of delivery, email steven.sakai@cityofchicago.org with copy to teri.davis@cityofchicago.org to arrange for delivery.

Proposals are currently due by **4:00 p.m., Thursday, November 18, 2021**; unless changed pursuant to an Addendum posted on the above URL.

Proposals that are not received by the date and time as posted may not be accepted. If any Proposal is deemed to be “not accepted” the Applicant shall be notified and the thumb drives shall be returned unopened to the submitting entity, or be destroyed.

In the event Proposal paper hardcopies or missing data are requested by the Comptroller or her authorized representative from the Applicant, such hardcopies or data shall be provided as requested in writing.

DOCUMENT SUBMITTAL REQUIREMENTS

In response to the RFP this year, the Applicant’s forms and submittal requirements are listed sequentially, 1-through-37, for convenience in two distinct lists described below:

- **City-Provided Forms**
- **Applicant-Provided Forms**

The first list (“City-Provided Forms”) are the forms that the City will provide Applicant, shall be posted on the URL link to this RFP. City-Provided Forms are for the Applicant to complete (and sign and notarize as applicable) and submit back to the City as part of your Proposal submittal, as a word-searchable file.

City-Provided Forms List

All City-Provided Forms A-1 through H, reside on one Excel workbook. The reporting period for Forms apply to Loans Closed within the 12-Month Period Ending December 31, 2020, as applicable.

- Form A-1 through Form B are all located as separate tabs in the Excel workbook along with instructions for mapping of data to HMDA as provided on the “Instructions” tab.
- Forms C, D, E, F, and G are also located as separate tabs in the Excel workbook with Instructions for each
- Form H is a summary of lending and savings/checking account data
- Forms 19-through-26 are separate form-fillable files (PDFs or Word)
- Form 27 (EEOC Firmwide) is a separate Excel workbook with one tab for completion by the U.S. corporate entity submitting in response to this RFP.

All Forms (both City-Provided and Applicant-Provided), shall be identified by an Item # and Form Name, as set out below:

Item # Form Name

Fillable Excel workbook Forms:

1. Form A-1 Conventional/ FHA/VA Home Purchase Loans By Census Tract For Chicago (1-4 Units)
2. Form A-2 Refinancing Loans By Census Tract For Chicago (1-4 Units)
3. Form A-3 Home Improvement Loans By Census Tract For Chicago (1-4 Units)
4. Form A-4 Constructions Loans (1-4 Units)

5. Form A-5 Home Equity Loans By Census Tract For Chicago (1-4 Units)
6. Form A-6 Residential Lending- Loan Foreclosures, 1-4 Units, Condominium or Cooperative Units, (include loans for properties located in Chicago only)
7. Form A-7 Mortgage Application Denials
8. Form B-1 Conventional/ FHA/VA Home Purchase Loans By Census Tract For Chicago (More than 4 units)
9. Form B-2 Refinancing Loans By Census Tract For Chicago (More than 4 Units)
10. Form B-3 Residential Lending: Home Improvement Loans, More Than 4 Units.
11. Form B-4 Constructions Loans (More than 4 units))
12. Form B-5 Home Equity Loans By Census Tract For Chicago (More than 4 units)
13. Form C Commercial Lending
14. Form D Consumer Lending
15. Form E Savings Account Data
16. Form F Checking Account Data
17. Form G Depository Information – by census tract and address
18. Form H Residential Lending (1-4 Units) Summary

Fillable forms

19. **Depository Agreement**
20. **EDS form** – Economic Disclosure Statement and Affidavits A, B, and C (version 2018-1) (The EDS form may or may not be fillable.)
21. **Anti-Predatory Lending Pledge**
22. **Loan Policy Pledge** for Municipal Depositories (per MCC 2-32-450 as recently amended)
23. **Vacant Building Code Pledge**
24. **Questionnaire** – Credit and Account Types
25. **Community Reinvestment Commitment Affidavit**
(See Applicant-Provided Documents List item # 35)
26. **Demographics Affidavit** - includes the number of upper-management employees dedicated or assigned to work on the City's municipal depository account(s), and the gender, role, and race or ethnicity of those employees

Fillable Excel Sheet

27. **EEOC Enterprise-wide and Chicago Diversity Data** is a separate Excel file requesting enterprise-wide diversity in, plus the number of employees based in Chicago.

Applicant-Provided Documents List

The “Applicant-Provided Documents List” are the various RFP-related documents requested by the City to be provided to the City as part of your Proposal submittals, relating to the following:

-(document count continues)-

28. **Cover Letter**
29. **Executive Summary**
30. **Sworn Statements** – copies of the last two sworn statements of resources and liabilities which the Applicant is required to furnish to the Commissioner of Savings and Loan Associations or to the Federal Home Loan Bank.
31. **FDIC Coverage Rate** for deposited balances.
32. **Liquidity Management Option** for short and long-term investments (supplemental online portals).

33. **Statement of Community Involvement (this is a voluntary submission and not mandatory)** – With recent data showing a vast disparity in home lending by race and neighborhood in the City, transparency is needed to inform Chicagoans about the institutions where their public funds are being deposited. Please describe various programs and initiatives to help in City of Chicago communities describing the Applicant's economic development programs, if any; and identifying any cultural, educational (e.g., teaching underserved communities and first-time buyers, strategies for acquiring loans), health, social service, civic, community or similar beneficial contributions made by the financial institution to the community that it serves.
34. **Security Protocols** such as "Safekeeping Services" and "Safekeeping Accounts"
35. **Community Reinvestment Act ("CRA") Information** – A copy of the most recent evaluation performed by the United States Comptroller of the Currency of each bidder's performance under the Community Reinvestment Act, as amended, and a copy of the public section of the most recent written evaluation under the Illinois Community Reinvestment Act, 205 ILCS 735/35-1, et seq., as applicable. The City Comptroller shall transmit copies of all evaluations received to the City Council with the report of bids required by Article V.
36. **FORM 10-K Annual** (report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934) including financial statements, financial statement schedules, exhibits, and all other papers and documents filed as a part thereof, or, if the financial institution is not required to file Form 10K with the Securities and Exchange Commission, a copy of the financial institution's most recent quarterly call report and a copy of the Comprehensive Annual Financial Statement for the Year Ended December 31, 2020, and FORM 10-Q for Quarter Ended June 30, 2021.
37. **Additional Information.** The Applicant may submit additional material that is deemed relevant to consideration of the Proposal, in accordance with Article V.

PROPOSAL EVALUATION CRITERIA

Proposals shall be evaluated by an Evaluation Committee ("EC") made up of various subject matter experts.

The EC shall evaluate each Applicant's Proposal based on the following evaluation criteria set out in the RFP:

- 1) Applicant's Financial strength of its local institution;
- 2) Rates offered on demand accounts, and certificates of deposit or time deposits;
- 3) Dollar volume and percent of total lending within the City;
- 4) Demonstrated commitment to support community and economic development within the City;
- 5) Compliance with the requirements of this RFP.

Applicant's submission may be disqualified from further consideration if it is considered to be non-responsive to the requirements set out in the RFP.

MUNICIPAL DEPOSITORY AWARD PROCESS

Proposals shall be transmitted concurrently by the City Comptroller to the City Council for its information and consideration no later than the fifteenth day of December of each year, to the end that an award or awards may be made upon such Proposals by the City Council before the beginning of each fiscal year.

Prior to the City Council approving any award to a prospective municipal depository, at least one subject matter hearing, at which no vote will be taken, shall be held annually by the Committee on Finance to discuss such information transmitted by the Comptroller to the City Council under Article V.

Such awards shall be made to the highest and best responsible Applicant or Applicants. The City Council shall have the power to reject any or all bids and to designate as many municipal depositories as it deems necessary to protect the City's interests.

REQUIREMENTS AFTER DESIGNATION AS A MUNICIPAL DEPOSITORY

Notwithstanding all other requirements that may be applicable to the municipal depository after award for fiscal year 2022, the following shall be required as applicable by the financial institution if it is selected as a municipal depository:

- 1) **DEPOSITORY AGREEMENT** - The municipal depository will be required to sign a Depository Agreement which, once signed by the City, will constitute, along with all the requirements, provisions, and stipulations contained in this RFP, the agreement between the designated municipal depository and the City.

The municipal depository shall be responsible for training and communicating the terms of its agreement to its employees.

- 2) **INSPECTION OF RECORDS** - The municipal depository's records relating to the City's accounts shall be open to review by either City staff or City-appointed independent auditors during normal business hours.

- 3) **TERM** The term of the Depository Agreement shall be the period beginning January 1, 2022, and ending December 31, 2022.

- 4) **EXTENSION OPTION** The Depository Agreement shall be automatically extended up to 90 days in the following calendar year at the sole option of the City.

The municipal depository agrees to honor and continue at the same rate of interest, any investments made during the term of its respective Depository Agreement that will mature after the expiration date of the Depository Agreement.

- 5) **RELATIONSHIP MANAGER** The municipal depository shall designate an individual as the official contact person for all correspondence. The City shall do the same.

- 6) **TRAINING** The municipal depository shall be responsible for training and communicating the terms of its agreement to its employees.

- 7) **COLLATERAL PLEDGE** In order to fully and completely protect the City, the municipal depository shall deposit and pledge, with a separate financial institution (as described below) Approved Securities (as described in the table below) having a market value equal to the aggregate amount of the City's deposits (less the FDIC portion of insurance) in the ratios listed below.

The municipal depository is to maintain its collateral pledge on City deposits at all times during the term of the Certificates of Deposit (Certificates of Deposits includes overnight demand deposits) at the market value ratios listed in Table 2, below:

Table 2 Collateral Pledge

Approved Securities for Collateral Pledge	Collateral Ratio (Market Value/Deposit)
<u>U.S. Treasury Bills and Treasury Notes/Bonds</u> U.S. government securities marked to market at least monthly.	100%
<u>U.S. Government Agencies and Instrumentalities</u> Bonds, notes, or other securities constituting the direct and general obligation of any agency or instrumentality of the United States.	100%
<u>Municipal Bonds</u> Bonds, notes or other securities constituting a direct and general obligation of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois or of any other state, or of any political subdivision or agency of the State of Illinois or any other state which are rated in either the AAA or AA rating categories by at least two accredited ratings agencies and maintaining such rating during the term of such investments.	100%
<u>Federal Home Loan Bank Letter of Credit</u> An irrevocable letter of credit issued in favor of the City of Chicago by the Federal Home Loan Bank, provided that the Federal Home Loan Bank's short-term debt obligations are rated in the highest rating category by at least one accredited ratings agency throughout the term of the certificate of deposit.	100%

8) SUBSTITUTION

A municipal depository may substitute Approved Securities in the pledge account as long as the total amount of Approved Securities pledged is adequate. Substitutions may be made after obtaining permission from the City. A municipal depository may also apply to the City for permission to remove Approved Securities from the pledge account whenever the total amount pledged is in excess of the collateral requirements. The City will permit this when its records indicate the collateral pledge can be reduced.

9) REPORTING

The municipal depository shall provide monthly deposit account statements, and quarterly reports of pledged collateral furnished to the City Treasurer within 30 days of the close of the quarter.

The City reserves the right to require a collateral report at any time. The collateral report shall account for total pledged securities by name, type/description, par value and market value at quarter-end and maturity date.

10) SAFEKEEPING

The Approved Securities shall be pledged in the City's name and shall be held in safekeeping (under the name of the municipal depository) with an institution other than the municipal depository or any affiliate of the municipal depository (hereinafter, the "Safekeeping Institution").

The original copy of all safekeeping receipts must be filed with the City Treasurer.

The municipal depository is to submit a Safekeeping Agreement and the name of the Safekeeping Institution within 10 days of the date that the proposer is notified it has been designated a municipal depository. No funds will be deposited with the municipal depository until this requirement is met. The Safekeeping Agreement shall clearly state that the Safekeeping Institution shall release the collateralized securities to the City, if the City has determined that the municipal depository has failed to perform its obligations as a municipal depository.

The third-party safekeeping of pledged collateral and safekeeping receipts for pledged collateral from the third-party, are to be filed with the City Treasurer.

11) FAILURE TO PERFORM

In the event a municipal depository fails to pay on the City's accounts or observe the terms and conditions of the Approved Securities and, as a result, a loss is sustained by the City, or upon the dissolution, liquidation, cessation of operations, reorganization, the institution of any bankruptcy or readjustment of debt action, or the placement of a municipal depository in receivership under the supervision of a federal or state government authority, the City shall have the right to retain the securities pledged as collateral or to sell the securities at either a public or private sale.

12) DEPOSIT LIMITS

Illinois law limits deposit amounts which exceed FDIC coverage to 75% of the capital stock and surplus of any bank, or 75% of the net worth of any savings and loan association.

13) CHANGES IN LAW AFFECTING DEPOSITORY AGREEMENT

The municipal depository shall notify the City in writing within ten (10) days of any changes in Federal or State regulations or laws that would thereafter affect the Depository Agreement.

14) ACQUISITION, MERGER OR CONSOLIDATION – Legal Effect on Municipal Depository Designation. If a municipal depository acquires or is acquired by, or merges or consolidates with, any other bank or savings and loan association or subsidiary thereof, regardless of whether such bank or savings and loan association or subsidiary thereof is a municipal depository, such newly created or successor bank or savings and loan association shall be deemed, by operation of law, to be a municipal depository as of the date of acquisition, merger or consolidation. Such designation shall remain in effect until ten days after an

ordinance designating municipal depositories for the next applicable fiscal year takes legal effect.

15) CUSTODIAL SERVICES

To the extent applicable, the Treasurer may engage the municipal depository to provide custodial services as may be required under separate agreement.

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